

Elk Rapids Township

Antrim County, Michigan

Audited Financial Statements

March 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Elk Rapids Township	County Antrim
Audit Date 3/31/04	Opinion Date 1/11/05	Date Accountant Report Submitted to State: 3/5/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

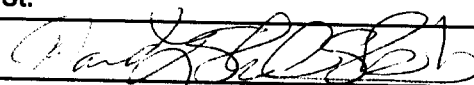
Certified Public Accountant (Firm Name) J L Stephan Co, PC			
Street Address 862 E. Eighth St.		City Traverse City	State MI
Accountant Signature 		ZIP 49686	Date 3/5/05

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INTRODUCTORY SECTION

Elk Rapids Township

Comments and Recommendations

We were engaged to audit the financial statements of Elk Rapids Township as of and for the year ended March 31, 2004 and issued our report thereon dated January 11, 2005. As part of our examination, we studied and evaluated the Township's internal control structure. Because the study and evaluation were only part of the overall audit plan regarding the financial statements, our study was more limited than would be necessary to express an opinion on the system of internal control taken as a whole. Accordingly, we do not express an opinion on the system of internal control of the Township taken as a whole.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

The following are considered material weaknesses as defined above.

Financial Reports

The year-end General Fund balance sheet and revenue and expenditure report did not match the general ledger. Additionally, monthly general ledger reports for fiscal year 2004 were not printed until December of 2004. We strongly recommend these reports be printed and reviewed monthly. By implementing this procedure, discrepancies can be discovered and resolved in a timely manner.

We also noted revenue accounts that were coded as liability accounts and were not closed at fiscal year-end 2003. Following the procedure recommended above should prevent this in the future.

Fire Fund Monies

Fire department officials have received monies from tribal grants, inheritances, etc. that have not been deposited with the Township Treasurer. There are no records of these receipts or related expenditures given to the Township Clerk for inclusion in the Township's accounting system. Michigan Treasury policies requires all monies received on behalf of the Township or its departments to be deposited in financial institutions in control of the Township Treasurer and recorded by the Township Clerk.

The following are reportable conditions that are not considered to be material weaknesses.

Budget

Budget amounts entered and reported on computer print outs did not match the budget adopted by the board and amended. Additionally, it does not appear a budget worksheet is maintained that details the original adopted budget and budget amendments. Additional time was required to reconcile budget amendments noted in the board minutes to the adopted budget and budgeted amounts on the computer print outs.

Elk Rapids Township

Comments and Recommendations

Board minutes indicate a budget for 2004-2005 was adopted, however, the clerk was unable to locate a copy of the adopted budget. We strongly recommend a copy of the budget be attached to the minutes of the meeting.

Board Minutes

The board minutes do not reflect the dollar amount or detail of bills to be approved for payment. We recommend a detailed list be attached to the minutes or detail be contained in the minutes.

The closing of the General Fund savings account and the New Township Hall Construction checking account were not noted in the minutes. Any change in bank account status should be reported in the board meeting minutes.

Tax Collection Account

We noted the tax account receipts and disbursements are not being summarized. This resulted in additional time required to analyze the receipts and disbursements in this account. We recommend that entries be posted, on a monthly basis, to the general ledger or separate tax account summary.

Additionally, the account had an undistributed amount at year-end. We continue to recommend this account be fully disbursed at or before year-end.

Tax account interest is being coded to penalties on taxes collected and not the earned interest account.

Bank Reconciliations

We noted several checks outstanding from prior years. Our notes from prior years indicate the Treasurer would investigate and resolve this issue. Additionally, some checks listed as outstanding on the bank reconciliation were differing from amounts recorded in the books. We continue to strongly recommend any check outstanding for more than 2 months and any deposit outstanding for more than five days be investigated and resolved as soon as possible.

Bank Accounts

The general ledger cash balances did not match the Treasurer's books in total. Additionally, the Treasurer appears to co-mingle funds of various accounts for the Funds. The Fire and Ambulance Fund cash balances in the general ledger are almost \$8,000 less than the reconciled bank account balances. The New Township Hall Construction Fund indicates a bank balance of \$943, however, the bank account was closed during the current fiscal year. We strongly recommend general ledger bank account balances match those of the reconciled bank accounts. A significant amount of additional time is required every year to reconcile amounts on the Treasurer's reports to the general ledger balances.

Coding and Allocation

Many small items of less than \$500 were coded to capital outlay. The clerk indicated there is a capitalization policy, however, it appears the policy is not followed. Capital outlay accounts should only be used for expenditures for fixed asset additions or material improvements to fixed assets. Amounts under the capitalization threshold should be posted to another expenditure such as supplies or repairs and maintenance.

Elk Rapids Township

Comments and Recommendations

General Fixed Assets

The Township is not maintaining an inventory of its General Fixed Assets. Even though the Township has been reporting the balances of General Fixed Assets, officials have not been able to locate the original inventory taken several years ago.

We continue to recommend that a formal inventory of General Fixed Assets should be maintained. The inventory should be taken as soon as possible and updated annually. All assets on the inventory should be valued at actual or estimated original cost to conform to Generally Accepted Accounting Principles. Donated fixed assets should be recorded at fair market value at the time received.

These records could be maintained on your computer system, or if you desire, our firm could maintain these records for you. We have modified our opinion letter to reflect the absence of this fixed assets inventory that is required by Generally Accepted Accounting Principles.

Pension Plan

We noted pension plan contributions were made on behalf of an employee in addition to the amount voluntarily withheld from the employee. It appears the previous overpayment from prior years had been repaid, however when paying the contribution, the clerk made a clerical error. The Township has now made an additional \$120 payment to the pension plan on the employee's behalf. We recommend the Township either collect the additional amount from the employee or consider the contribution as additional compensation to the employee.

Please contact us if you need assistance correcting these errors or for training of personnel on proper procedures and regulations.

In a continuing effort to enhance internal control and improve the accounting system, financial reporting, and overall management, we offer the following comments and recommendations that we do not consider being reportable conditions.

Inter-Fund Receivables

We noted an amount due between the General Fund and Fire and Rescue Fund has not been paid. Township personnel attempted to clear the amount with a journal entry, however no cash was exchanged. We strongly recommend a check be written from the General Fund to the Fire & Rescue Fund for the amount due immediately.

Fund Activity

We noted numerous small funds with minimal activity and balances. We recommend the Board consider closing these Funds and either transfer remaining cash to the General Fund or expended as necessary.

GASB 34

The Township is required to adopt GASB 34 and adhere to its requirements for fiscal year ending March 31, 2005. We recommend the Township Board familiarize itself with the general requirements of the pronouncement and contact us with questions regarding conversion to this new pronouncement.

Elk Rapids Township

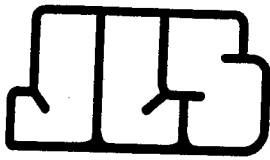
Comments and Recommendations

Closing Comments

Many of the above comments are repeat comments from prior years. It is very important that serious consideration be given to these comments. We discussed many of the comments and recommendations noted above with the Clerk and Treasurer during our fieldwork. Both expressed an understanding and desire to take actions to implement and correct procedures and policies as recommended. Please contact us if you need assistance with implementing these recommendations.

We will be happy to discuss any of these recommendations with you and assist in their implementation. As a matter of course, we will forward the necessary copies of these statements to the State Treasury Department. This report is intended solely for the information and use of Elk Rapids Township's management, and others within the organization. Should any questions arise on these financial statements or the conduct of our audit, please call upon us.

FINANCIAL SECTION



J L Stephan Co PC

Certified Public Accountants

Jerry L. Stephan, CPA

Marty Szasz, CPA
David Skibowski, Jr., CPA

INDEPENDENT AUDITOR'S REPORT

To the Township Board
Elk Rapids Township
Box 365
Elk Rapids, MI 49629

We have audited the accompanying general-purpose financial statements of Elk Rapids Township, Antrim County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to examine evidence to support the balances of the fixed assets reported in the financial statement for the General Fixed Asset account group because no formal list of the Township's fixed assets was available.

We were unable to examine evidence to support all of the fire and rescue department's cash balances and cash transactions because some monies are kept by fire department personnel and not turned over or reported to the Township Treasurer when received.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit the fixed assets of the General Fixed Asset account group and fire department's cash balance, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Elk Rapids Township as of March 31, 2004, and the results of its operations and cash flows of its proprietary and non-expendable trust fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying financial information listed as Supplemental Data in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of Elk Rapids Township. This information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

J L Stephan Co, PC

January 11, 2005

Elk Rapids Township
Combined Balance Sheet
All Fund Types and Account Groups
March 31, 2004

Exhibit A

	Governmental Fund Types			Fiduciary Fund Type		Account Group			Totals (Memo Only)
	General Fund	Special Revenue	Debt Service	Cemetery Perpetual Care	Current Tax Collection	General Fixed Assets	General Long-Term Debt		
Assets									
Petty Cash	\$ -	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400	
Cash in Bank	65,324	165,864	-	90,000	1,230	-	-	322,418	
Taxes Receivable	8,554	7,131	-	-	-	-	-	15,685	
PTAF Receivable	2,219	-	-	-	-	-	-	2,219	
Pension W/H Receivable	122	-	-	-	-	-	-	122	
Due from Other Funds	525	1,536	-	-	-	-	-	2,061	
Due from County - Debt Escrow	-	-	-	-	-	-	-	-	
Property and Equipment	-	-	-	-	-	-	-	-	
Amnt Avail. in Debt Svc. Fund	-	-	-	-	-	3,694,674	-	3,694,674	
Total Assets	\$ 76,744	\$ 174,931	\$ -	\$ 90,000	\$ 1,230	\$ 3,694,674	\$ -	\$ 4,037,579	
Liabilities and Fund Equity									
Liabilities									
Excess Collected-LT Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Dues Payable	-	-	-	-	-	-	-	-	
Payroll Taxes Payable	-	-	-	-	-	-	-	-	
Due to Other Funds	1,536	-	-	-	-	-	-	-	
Due to Other Units	-	-	-	-	525	-	-	2,061	
Deferred Revenue	10,773	7,131	-	-	705	-	-	705	
Total Liabilities	12,309	7,131	-	-	-	-	-	17,904	
Fund Equity					1,230	-	-	20,670	
Investment in Gen. Fixed Assets	-	-	-	-	-	-	-	-	
Fund Balances - Unreserved	64,435	167,800	-	-	-	3,694,674	-	3,694,674	
Fund Balance - Restricted	-	-	-	-	-	-	-	232,235	
Total Fund Equity	64,435	167,800	-	90,000	-	-	-	90,000	
				90,000	-	3,694,674	-	4,016,909	
Total Liabilities and Fund Equity	\$ 76,744	\$ 174,931	\$ -	\$ 90,000	\$ 1,230	\$ 3,694,674	\$ -	\$ 4,037,579	

See Accompanying Notes to Financial Statements

Elk Rapids Township
*Combined Statement of Revenues, Expenditures
And Changes in Fund Balance
All Governmental Fund Types
For the Year Ended March 31, 2004*

Exhibit B

	<i>General Fund</i>	<i>Special Revenue Funds</i>	<i>Debt Service Fund</i>	<i>Totals (Memo Only)</i>
<i>Revenues</i>				
Taxes	\$ 196,285	\$ 114,320	\$ -	\$ 310,605
Licenses & Permits	6,935	-	-	6,935
State Shared Revenue	71,142	-	-	71,142
Contr. from Local Units	11,103	37,140	-	48,243
Other Contributions	-	5,864	-	5,864
Charges for Services	-	84,007	-	84,007
Interest and Rentals	14,286	6,621	-	20,907
Special Assessments	-	4,939	-	4,939
Other Revenue	656	8,370	-	9,026
<i>Total Revenues</i>	300,407	261,261	-	561,668
<i>Expenditures</i>				
General Government	141,253	1,035,333	-	1,176,586
Public Safety	-	242,696	-	242,696
Public Works	784	31,029	-	31,813
Community & Economic Dev.	45,504	-	-	45,504
Recreation & Culture	-	-	-	-
Other Functions	11,572	-	-	11,572
Debt Service	-	-	-	-
<i>Total Expenditures</i>	199,113	1,309,058	-	1,508,171
<i>Excess Revenues (Expenditures)</i>	101,294	(1,047,797)	-	(946,503)
<i>Other Financing Sources (Uses)</i>				
Operating Transfers In	-	590,431	-	590,431
Operating Transfers (Out)	(583,000)	-	(7,431)	(590,431)
<i>Total Other Financing Sources (Uses)</i>	(583,000)	590,431	(7,431)	-
<i>Excess Revenues & Other Sources Over (Under) Expenditures & Other Uses</i>	(481,706)	(457,366)	(7,431)	(946,503)
<i>Fund Balance</i>				
Beginning of Year	546,141	625,166	7,431	1,178,738
End of Year	\$ 64,435	\$ 167,800	\$ -	\$ 232,235

See Accompanying Notes to Financial Statements

Elk Rapids Township
Combined Statement of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual - All Governmental Fund Types
For the Year Ended March 31, 2004

Schedule C

	General Fund		Favorable (Unfavorable)	Special Revenue Funds		
	Budget	Actual		Budget	Actual	Favorable (Unfavorable)
Revenues						
Taxes						
Licenses & Permits	\$ 199,405	\$ 196,285	\$ (3,120)	\$ 114,787	\$ 114,320	\$ (467)
State Shared Revenue	4,000	6,935	2,935	-	-	-
Contributions from Local Units	85,400	71,142	(14,258)	-	-	-
Other Contributions	-	11,103	11,103	37,000	37,140	140
Charges for Services	-	-	-	-	5,864	5,864
Interest and Rentals	-	-	-	83,000	84,007	1,007
Special Assessments	3,500	14,286	10,786	32,500	6,621	(25,879)
Other Revenue	-	-	-	5,025	4,939	(86)
Total Revenues	292,305	300,407	8,102	295,312	261,261	(34,051)
Expenditures						
General Government						
Public Safety	154,869	141,253	13,616	1,043,400	1,035,333	8,067
Public Works	-	-	-	347,349	242,696	104,653
Community & Economic Development	1,000	784	216	58,250	31,029	27,221
Recreation & Culture	46,150	45,504	646	-	-	-
Other Functions	-	-	-	-	-	-
Debt Service	15,000	11,572	3,428	-	-	-
Total Expenditures	217,019	199,113	17,906	1,448,999	1,309,058	139,941
Excess Revenues (Expenditures)	<u>75,286</u>	<u>101,294</u>	<u>26,008</u>	<u>(1,153,687)</u>	<u>(1,047,797)</u>	<u>105,890</u>
Other Financing Sources (Uses)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	(583,000)	(583,000)	-	590,432	590,431	(1)
Total Other Fin. Sources (Uses)	(583,000)	(583,000)	-	590,432	590,431	(1)
Excess Rev. & Other Sources Over (Under) Expenditures & Other Uses	<u>(507,714)</u>	<u>(481,706)</u>	<u>\$ 26,008</u>	<u>\$ (563,255)</u>	<u>(457,366)</u>	<u>\$ 105,889</u>
Fund Balance - Beginning of Year		546,141			625,166	
Fund Balance - End of Year		<u>\$ 64,435</u>			<u>\$ 167,800</u>	

See Accompanying Notes to Financial Statements

Elk Rapids Township
*Combined Statement of Revenues, Expenditures
And Changes in Fund Balance
Non-Expendable Trust Fund
For the Year Ended March 31, 2004*

Exhibit D

	<i>Fiduciary Fund Type Non-Expendable Trust</i>
	<u><i>Cemetery Perpetual Care</i></u>
<i>Operating Revenues</i>	\$ -
<i>Operating Expenses</i>	-
<i>Operating Income (Loss)</i>	-
<i>Non-Operating Expenses</i>	-
<i>Net Income (Loss)</i>	-
<i>Fund Balance - Beginning of Year</i>	<u>90,000</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 90,000</u></u>

Elk Rapids Township
Combined Statement of Cash Flows
Non-Expendable Trust Fund
For the Year Ended March 31, 2004

Exhibit E

	<i>Fiduciary Fund Type</i> <i>Non-Expendable Trust</i>
	<i>Cemetery</i> <i>Perpetual</i> <i>Care</i>
	<hr/>
<i>Cash Flows from Operating Activities</i>	
Transfer In	\$ -
<i>Cash Flows from Financing Activities</i>	-
<i>Cash Flows from Investing Activities</i>	-
	<hr/>
<i>Net Increase (Decrease) in Cash</i>	-
Cash - Beginning of Year	<hr/> 90,000
Cash - End of Year	<hr/> <u>\$ 90,000</u>

See Accompanying Notes to Financial Statements

Elk Rapids Township
Notes to Financial Statements
March 31, 2004

Note 1 - Description of Operations and Fund Types

Elk Rapids Township is a common law township as defined by the laws of the State of Michigan. The Township is located in Antrim County and is governed by an elected Supervisor and Township Board. The current state taxable value is \$169,240,426.

A. Reporting Entity

The criteria established by Statement 14 of the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements are based primarily on the concept of financial accountability. On this basis, accordingly, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

B. Basis of Presentation

The financial activities of the Township are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund - This Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions, and other intergovernmental revenues.

Special Revenue Funds - These Funds are used to account for specific governmental revenues (other than debt service and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Special Revenue Funds currently maintained by the Township are the Fire and Rescue Fund, the Cemetery Fund, the Township Hall Restoration Fund, New Township Hall Construction Fund, Bass Lake Special Assessment Fund, Birch Lake Sewer Operating & Maintenance Fund and the Ambulance Memorial Fund.

Debt Service Fund - This Fund is used to account for special assessments levied to finance the long-term debt for the Birch Lake Sewer District.

Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Tax Collection Fund and Cemetery Perpetual Care Fund belong to this fund group.

Account Groups

General Fixed Assets Account Group - This Account Group presents the fixed assets of the Township utilized in its general operations (non-proprietary fixed assets).

General Long-Term Debt - This Account Group presents the general obligation long-term debt that is not recorded in or payable from proprietary funds.

Elk Rapids Township
Notes to Financial Statements
March 31, 2004

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

All governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized when received in cash except for those susceptible to accrual, which are recorded as receivables when measurable and as revenue when available to finance current operations. Significant revenues susceptible to accrual include property taxes, expenditure reimbursement type grants, certain intergovernmental revenues and operating transfers. Expenditures are recorded when the liability is incurred except for interest on long-term debt, which is recorded when paid. Agency Funds recognize assets and liabilities on the modified accrual basis.

The general fixed asset account group is not a fund. It is concerned only with the measurement of financial position. It is not involved with measuring the results of operations.

B. Budgets

The General Fund, Special Revenue Funds and Debt Service Funds are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

Encumbrance accounting is not used and appropriations normally lapse at year-end.

In the body of the combined financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds are treated as adopted at the activity level.

C. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are excluded from general fixed assets as such items are immovable and of value only to the Township. No depreciation has been provided on general fixed assets.

Fixed Assets are recorded at historical cost. Donated fixed assets are valued at the fair market value as of the date received.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, The Township considers cash, bank deposits, certificates of deposit, and investments with an original or purchased maturity of 90 days or less to be cash equivalents.

Elk Rapids Township
Notes to Financial Statements
March 31, 2004

Note 2 - Summary of Significant Accounting Policies – (continued)

E. Property Taxes

The Township collects property taxes between December 1 and February 28. Any uncollected real property taxes that become delinquent March 1 are purchased (paid) by Antrim County after the Township's year-end. Delinquent property taxes and administration fees receivable are not normally received within 60 days of the Township's fiscal year end, and are therefore reflected as deferred revenue on the combined balance sheet.

F. Total Column

The total column on the financial statements is captioned (Memo Only) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

Note 3 - Material Violations of Legal and Contractual Provisions

A. Budget Compliance

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. For the current year, the Township incurred expenditures in excess of the amount appropriated as follows:

	Budget	Actual	Variance
General Fund: Township Board	\$ 53,400	\$ 56,410	\$ (10)
General Fund: Township Hall & Grounds	9,300	9,323	(23)
General Fund: Farmland Preservation	3,000	3,144	(144)

B. Pension Plan Contributions

The Township is not distributing employee withholdings for pension plan contributions in accordance with Department of Labor guidelines.

C. Improper Bank Accounts

Fire department officials have received monies from tribal grants, inheritances, etc. that have not been deposited with the Township Treasurer. There are no records of these receipts or disbursements given to the Township Clerk for inclusion in the Township's accounting system. Additionally, expenditures from these accounts are neither budgeted for nor approved by the Township Board.

Elk Rapids Township
Notes to Financial Statements
 March 31, 2004

Note 4 - Cash Deposits and Investments

A. Legal or Contractual Provisions for Deposits and Investments

The Michigan Political Subdivisions Act No. 20, Public Acts of 1943, as amended by act No. 217, Public Acts of 1982 and Public Act 196 of 1997, states the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- A. In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- B. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2).
- C. In commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase.
- D. In United States government or Federal agency obligations repurchase agreements.
- E. In banker's acceptances of United States banks.
- F. In mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township maintains all of its cash deposits with local banks in the form of savings/checking accounts and certificates of deposit. Interpreting the FDIC insurance coverage of \$100,000 per deposit to apply separately to the demand and time deposits of a public unit, the bank balances as of March 31, 2004 appear to be \$100,000 FDIC insured and \$222,818 uninsured for total deposits of \$322,818

Note 5 - Changes in General Fixed Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Improvements	\$ 137,624	\$ -	\$ 37,500	\$ 100,124
Bldg. and Improvements	253,826	1,036,659	-	1,290,485
Fire and Rescue Building	492,963	-	-	492,963
Machinery and Equipment	410,344	46,878	1,300	455,922
Office Furniture	28,131	250	-	28,381
Vehicles	475,879	-	-	475,879
Birch Lake Sewer System	850,920	-	-	850,920
Total	<u>\$2,649,687</u>	<u>\$1,083,787</u>	<u>\$ 38,800</u>	<u>\$3,694,674</u>

Elk Rapids Township
Notes to Financial Statements
March 31, 2004

Note 5 - Changes in General Fixed Assets - continued

The Township deeded approximately 25% of property purchased in 1996 to the Elk Rapids Joint Building Authority. A new governmental building was built on this and other adjoining property. The Township and the Village of Elk Rapids, both of which were responsible for half of the construction costs, occupy the new building. Due to the property make up and wetland considerations, the Township supervisor estimated the value of the property deeded to the JBA to be 50% of the original purchase price of \$75,000. The land value has been deleted from Land and Improvements and added to Building and Improvements along with construction costs.

Note 6 - Pension Plan

The Township participates in a defined contribution pension plan through Manufacturers Life Insurance. The plan covers all elected officials. The 2003-2004 Township contribution to the plan was \$7,800 and the employee contribution was \$600. It also incurred administration fees of \$628. The Township provides social security coverage for its officials and employees not covered by the pension plan.

Note 7 - Risk Management

The Township pays an annual premium to Michigan Municipal Underwriters for its general insurance coverage through the Michigan Township Participating Plan. The Village carries coverage for property damage, liability, wrongful acts, automobile, crime, and inland marine claims. Also, the Township carries worker's compensation insurance with The Accident Fund of Michigan and Michigan volunteer firefighters accident insurance coverage with MCM Group, Inc. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8 - Commitments and Contingencies

Michigan Consolidated Gas Company has requested the Michigan Tax Tribunal to enter an order reducing the 1997 through 2003 taxable value and property tax statement by approximately 49 percent. The Township attorney believes it is probable that some adjustment will be made. For years 2000 to 2003, Michigan Consolidated Gas Company paid approximately 70% of tax amounts billed based on expected reduction by the tribunal. The Township Assessor believes repayment, if any, will be for years 1997 to 1999 and the township may incur a liability of less than \$2,000. The Township has not established a contingent liability for the estimated loss due to the uncertainty of the outcome.

Heirs of a former township resident have filed suit to set aside a lease between the Township and the Elk Rapids Sportsman's Club and to seek enforcement of fifty-year-old deed restriction. The Township has motioned for a partial summary disposition to eliminate the option of returning the property to the heirs. The heirs are not requesting monetary damages, only the return of the property. The judge is deliberating and a ruling is expected in early 2005.

SUPPLEMENTAL DATA SECTION

Elk Rapids Township
General Fund
Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended March 31, 2004

Schedule 1

	<i>Budget</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>
Revenues			
Property Taxes	\$ 145,549	\$ 139,744	\$ (5,805)
Delinquent Property Tax	7,160	9,070	1,910
Swamp Tax	34	34	-
Dog Tax	30	102	72
Penalties & Interest on Taxes	1,000	2,136	1,136
Property Tax Administration Fee	43,500	43,104	(396)
Delinquent Property Tax Admin Fee	2,132	2,095	(37)
Zoning Permits	4,000	6,935	2,935
State Shared Revenue	85,400	71,142	(14,258)
School Tax Collection Fee	-	11,103	11,103
Earned Interest	2,000	12,483	10,483
Rents and Royalties	1,500	1,803	303
Reimbursements	-	324	324
Other Revenues	-	332	332
Total Revenues	292,305	300,407	8,102
Expenditures			
General Government			
Township Board	53,400	53,410	(10)
Township Supervisor	13,300	13,000	300
Elections	2,150	798	1,352
Assessor	32,382	27,445	4,937
Clerk	20,437	16,757	3,680
Board of Review	900	615	285
Treasurer	23,000	19,905	3,095
Township Hall & Grounds	9,300	9,323	(23)
Total General Government	154,869	141,253	13,616
Public Works			
Road Maintenance and Improvements	-	-	-
Street Lighting	1,000	784	216
Total Public Works	1,000	784	216
Community & Economic Development			
Planning and Zoning	46,150	45,504	646

See Accompanying Notes to Financial Statements

Elk Rapids Township
General Fund
Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended March 31, 2004

Schedule 1

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Recreation & Culture			
Recreation & Parks	-	-	-
Other Functions			
Pension Plan Expense	9,000	8,428	572
Spring Clean-up	3,000	-	3,000
Contingency	-	-	-
Farmland Preservation	3,000	3,144	(144)
Total Other Functions	<u>15,000</u>	<u>11,572</u>	<u>3,428</u>
Total Expenditures	<u>217,019</u>	<u>199,113</u>	<u>17,906</u>
Excess Revenues (Expenditures)	75,286	101,294	26,008
Other Financing Sources (Uses)			
Operating Transfers In	-	-	-
Operating Transfers (Out)	(583,000)	(583,000)	-
Total Other Financing Sources (Uses)	<u>(583,000)</u>	<u>(583,000)</u>	<u>-</u>
Excess Revenues & Other Sources Over (Under) Expenditures & Other Uses	<u>\$ (507,714)</u>	(481,706)	<u>\$ 26,008</u>
Fund Balance - Beginning of Year		<u>546,141</u>	
Fund Balance - End of Year		<u>\$ 64,435</u>	

See Accompanying Notes to Financial Statements

Elk Rapids Township
Special Revenue Funds
Combining Balance Sheet
March 31, 2004

Schedule 2

	Birch Lake					New Township		Totals
	Fire and Rescue Fund	Cemetery Fund	Ambulance Memorial Fund	Sewer Operating Maintenance Fund	Bass Lake Special Assessment Fund	Township Hall Restoration Fund	Construction Fund	
Assets								
Petty Cash	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400
Cash in Bank	98,571	2,368	16,298	21,444	23,715	2,525	943	165,864
Taxes Receivable	6,742	-	-	-	389	-	-	7,131
Due from Other Funds	1,536	-	-	-	-	-	-	1,536
Total Assets	\$ 107,249	\$ 2,368	\$ 16,298	\$ 21,444	\$ 24,104	\$ 2,525	\$ 943	\$ 174,931
Liabilities & Fund Equity								
Liabilities								
Dues Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-
Deferred Revenue	6,742	-	-	-	389	-	-	7,131
Total Liabilities	6,742	-	-	-	389	-	-	7,131
Fund Equity								
Fund Balance	100,507	2,368	16,298	21,444	23,715	2,525	943	167,800
Total Fund Equity	100,507	2,368	16,298	21,444	23,715	2,525	943	167,800
Total Liabilities & Equity	\$ 107,249	\$ 2,368	\$ 16,298	\$ 21,444	\$ 24,104	\$ 2,525	\$ 943	\$ 174,931

See Accompanying Notes to Financial Statements

Elk Rapids Township
Special Revenue Funds
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended March 31, 2004

Schedule 3

	Fire and Rescue Fund	Cemetery Fund	Ambulance Memorial Fund	Birch Lake Sewer Operating Maintenance Fund	Bass Lake Special Assessment Fund	Township Hall Restoration Fund	New Township Hall Construction Fund	Totals
Revenues								
Property Taxes	\$ 114,320	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,320
State Shared Revenue	-	-	-	-	-	-	-	-
Contributions from Local Units	37,140	-	-	-	-	-	-	-
Other Contributions	5,864	-	-	-	-	-	-	37,140
Charges for Services	51,432	6,200	-	-	-	-	-	5,864
Interest and Rents	1,737	1,733	239	26,375	-	-	-	84,007
Special Assessments	-	-	-	334	-	-	2,578	6,621
Other Revenue	2,475	-	5,895	-	4,939	-	-	4,939
Total Revenues	212,968	7,933	6,134	26,709	4,939	-	2,578	261,261
Expenditures								
General Government	-	23,455	-	-	-	-	-	1,035,333
Public Safety	242,646	-	50	-	-	-	1,011,878	242,696
Public Works	-	-	-	27,929	3,100	-	-	31,029
Total Expenditures	242,646	23,455	50	27,929	3,100	-	1,011,878	1,309,058
Excess Revenues (Expenditures)	(29,678)	(15,522)	6,084	(1,220)	1,839	-	(1,009,300)	(1,047,797)
Other Financing Sources (Uses)								
Operating Transfer In	-	10,000	-	7,431	-	-	573,000	590,431
Operating Transfer (Out)	-	-	-	-	-	-	-	-
Equity Transfer In	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	10,000	-	7,431	-	-	573,000	590,431
Excess Revenue & Other Sources Over (Under) Expenditures & Other Uses	(29,678)	(5,522)	6,084	6,211	1,839	-	(436,300)	(457,366)
Fund Balance - Beginning of Year	130,185	7,890	10,214	15,233	21,876	2,525	437,243	625,166
Fund Balance - End of Year	\$ 100,507	\$ 2,368	\$ 16,298	\$ 21,444	\$ 23,715	\$ 2,525	\$ 943	\$ 167,800

See Accompanying Notes to Financial Statements
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Elk Rapids Township
Fire and Rescue Fund
Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended March 31, 2004

Schedule 4

	<i>Budget</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>
Revenues			
Current Property Taxes	\$ 109,405	\$ 107,469	\$ (1,936)
Delinquent Property Taxes	5,382	6,851	1,469
Local Unit Contributions	37,000	37,140	140
Other Contributions	-	5,864	5,864
Charges for Services	52,000	51,432	(568)
Earned Interest	6,000	1,737	(4,263)
Refunds and Miscellaneous	2,000	2,475	475
Total Revenues	211,787	212,968	1,181
Expenditures			
Fire Protection			
Chief & Deputy Chief Wages	5,800	5,725	75
Training Wages	8,000	8,150	(150)
Payroll Taxes	2,000	1,988	12
Runs	13,000	11,565	1,435
Supplies & Postage	900	2,237	(1,337)
Dues & Fees	800	904	(104)
Hazardous Materials	-	-	-
Gas & Oil	1,000	790	210
Legal	-	115	(115)
Medical/Physicals	700	291	409
Telephone	1,000	958	42
Mileage	700	-	700
Insurance	6,500	7,562	(1,062)
Publishing	-	-	-
Maintenance	17,000	8,623	8,377
Miscellaneous	-	-	-
Education	3,500	4,406	(906)
Capital Outlay	51,428	46,879	4,549
	112,328	100,193	12,135
Rescue Unit			
Chief Wages	3,600	3,600	-
Volunteers	26,500	23,100	3,400
Deputy Wages	1,200	1,200	-
Training Officer Wages	3,150	2,400	750
Records/Finance Officer Wages	-	1,200	(1,200)
Shift Pay Wages	54,750	55,137	(387)

See Accompanying Notes to Financial Statements

Elk Rapids Township
Fire and Rescue Fund
Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended March 31, 2004

Schedule 4

	<i>Budget</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>
Rescue Unit - continued			
Continuing Education	3,500	4,044	(544)
Payroll Taxes	7,092	6,941	151
Supplies & Postage	7,200	8,011	(811)
Gas & Oil	1,000	891	109
Legal	600	288	312
Medical & Physicals	540	244	296
Telephone	1,750	1,614	136
Mileage	600	352	248
Insurance	7,450	9,635	(2,185)
Administration Fee - Village	6,400	4,700	1,700
Maintenance and Repairs	7,000	3,371	3,629
Laundry and Miscellaneous	-	-	-
Education & Dues	4,000	4,023	(23)
Capital Outlay	15,000	-	15,000
	151,332	130,751	20,581
Building Expenditures			
Wages	15,000	-	15,000
Supplies	1,150	1,446	(296)
Legal	150	-	150
Insurance	15,000	-	15,000
Electricity	5,000	4,726	274
Heating & Gas	2,400	3,135	(735)
Cleaning	600	600	-
Water & Sewer	400	415	(15)
Trash Pick-up	600	530	70
Maintenance	2,100	674	1,426
Miscellaneous	-	-	-
Capital Outlay	37,314	176	37,138
	79,714	11,702	68,012
<i>Total Expenditures</i>	<u>343,374</u>	<u>242,646</u>	<u>100,728</u>
<i>Excess Revenues (Expenditures)</i>	(131,587)	(29,678)	101,909

See Accompanying Notes to Financial Statements

Elk Rapids Township
Fire and Rescue Fund
Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended March 31, 2004

Schedule 4

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<i>Other Financing Sources (Uses)</i>			
Operating Transfer In	-	-	-
Operating Transfer (Out)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	-
<i>Excess Revenue & Other Sources Over (Under) Expenditures & Other Uses</i>	<u>\$ (131,587)</u>	(29,678)	<u>\$ 101,909</u>
Fund Balance - Beginning of Year		<u>130,185</u>	
Fund Balance - End of Year		<u>\$ 100,507</u>	

See Accompanying Notes to Financial Statements

Elk Rapids Township
Cemetery Fund
Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended March 31, 2004

Schedule 5

	<i>Budget</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>
<i>Revenues</i>			
Grave Openings	\$ -	\$ -	\$ -
Sale of Lots	4,000	6,200	2,200
Earned Interest	5,000	1,733	(3,267)
Other Revenue	-	-	-
<i>Total Revenues</i>	9,000	7,933	(1,067)
<i>Expenditures</i>			
Salaries and Wages	1,700	1,700	-
Social Security	-	-	-
Supplies	800	1,237	(437)
Contractual Services	20,000	10,900	9,100
Water	400	249	151
Maintenance and Repairs	2,000	9,369	(7,369)
Capital Outlay	-	-	-
Other Expenses	-	-	-
<i>Total Expenditures</i>	24,900	23,455	1,445
<i>Excess Revenues (Expenditures)</i>	(15,900)	(15,522)	378
<i>Other Financing Sources (Uses)</i>			
Operating Transfer In	10,000	10,000	-
Operating Transfer (Out)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	10,000	10,000	-
<i>Excess Revenue & Other Sources Over (Under) Expenditures & Other Uses</i>	<u>\$ (5,900)</u>	<u>(5,522)</u>	<u>\$ 378</u>
Fund Balance - Beginning of Year		7,890	
Fund Balance - End of Year		<u>\$ 2,368</u>	

See Accompanying Notes to Financial Statements

Elk Rapids Township
Ambulance Memorial Fund
Statement of Revenues, Expenditures
And Changes in Fund Balance
For the year Ended March 31, 2004

Schedule 6

	<i>Budget</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>
<i>Revenues</i>			
Memorials	\$ 1,000	\$ 5,895	\$ 4,895
Interest	500	239	(261)
<i>Total Revenues</i>	1,500	6,134	4,634
<i>Expenditures</i>			
Supplies	900	50	850
Community Promotions	75	-	75
Capital Outlay	3,000	-	3,000
<i>Total Expenditures</i>	3,975	50	3,925
<i>Excess Revenues (Expenditures)</i>	(2,475)	6,084	8,559
<i>Other Financing Sources (Uses)</i>			
Operating Transfer In	-	-	-
Operating Transfer (Out)	-	-	-
Equity Transfer In	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	-
<i>Excess Revenue & Other Sources Over (Under) Expenditures & Other Uses</i>	<u>\$ (2,475)</u>	6,084	<u>\$ 8,559</u>
Fund Balance - Beginning of Year		10,214	
Fund Balance - End of Year		<u>\$ 16,298</u>	

See Accompanying Notes to Financial Statements

Elk Rapids Township
Birch Lake Sewer Operating and Maintenance Fund
Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended March 31, 2004

Schedule 7

	<i>Budget</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>
<i>Revenues</i>			
User Fees	\$ 27,000	\$ 26,375	\$ (625)
Hookup Fees	20,000	-	(20,000)
Interest	1,000	334	(666)
Miscellaneous	-	-	-
<i>Total Revenues</i>	48,000	26,709	(21,291)
<i>Expenditures</i>			
Village Expenses	20,000	20,751	(751)
Legal Fees	100	633	(533)
Repairs and Maintenance	12,000	6,545	5,455
Supplies	2,000	-	2,000
Capital Outlay	20,000	-	20,000
<i>Total Expenditures</i>	54,100	27,929	26,171
<i>Excess Revenues (Expenditures)</i>	(6,100)	(1,220)	4,880
<i>Other Financing Sources (Uses)</i>			
Operating Transfer In	7,432	7,431	(1)
Operating Transfer (Out)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	7,432	7,431	(1)
<i>Excess Revenue & Other Sources Over (Under) Expenditures & Other Uses</i>	<u>\$ 1,332</u>	6,211	<u>\$ 4,879</u>
Fund Balance - Beginning of Year		15,233	
Fund Balance - End of Year		<u>\$ 21,444</u>	

See Accompanying Notes to Financial Statements

Elk Rapids Township
Bass Lake Special Assessment Fund
Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended March 31, 2004

Schedule 8

	<i>Budget</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>
<i>Revenues</i>			
Current Special Assessments	\$ 5,025	\$ 4,632	\$ (393)
Delinquent Special Assessments	-	307	307
Interest on Assessments	-	-	-
<i>Total Revenues</i>	5,025	4,939	(86)
<i>Expenditures</i>			
Legal Fees	-	-	-
Audit Fees	-	-	-
Permit Fees	150	800	(650)
Contractual Services	4,000	2,300	1,700
<i>Total Expenditures</i>	4,150	3,100	1,050
<i>Excess Revenues (Expenditures)</i>	875	1,839	964
<i>Other Financing Sources (Uses)</i>			
Operating Transfer In	-	-	-
Operating Transfer (Out)	-	-	-
Equity Transfer In	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	-
<i>Excess Revenue & Other Sources Over (Under) Expenditures & Other Uses</i>	<u>\$ 875</u>	1,839	<u>\$ 964</u>
Fund Balance - Beginning of Year		21,876	
Fund Balance - End of Year		<u>\$ 23,715</u>	

See Accompanying Notes to Financial Statements

Elk Rapids Township
Township Hall Restoration Fund
Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended March 31, 2004

Schedule 9

	<i>Budget</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>
<i>Revenues</i>			
Donations	\$ -	\$ -	\$ -
<i>Total Revenues</i>	-	-	-
<i>Expenditures</i>			
Maintenance and Repairs	1,500	-	1,500
Capital Outlay	-	-	-
<i>Total Expenditures</i>	1,500	-	1,500
<i>Excess Revenues (Expenditures)</i>	(1,500)	-	1,500
<i>Other Financing Sources (Uses)</i>			
Operating Transfer In	-	-	-
Operating Transfer (Out)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	-
<i>Excess Revenue & Other Sources Over (Under) Expenditures & Other Uses</i>	<u>\$ (1,500)</u>	-	<u>\$ 1,500</u>
Fund Balance - Beginning of Year		<u>2,525</u>	
Fund Balance - End of Year		<u>\$ 2,525</u>	

See Accompanying Notes to Financial Statements

Elk Rapids Township
New Township Hall Construction Fund
Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended March 31, 2004

Schedule 10

	<i>Budget</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>
<i>Revenues</i>			
Donations	\$ -	\$ -	\$ -
Interest	20,000	2,578	(17,422)
<i>Total Revenues</i>	20,000	2,578	(17,422)
<i>Expenditures</i>			
Insurance	-	-	-
Legal Fees	-	5,485	(5,485)
Professional Fees	20,000	7,234	12,766
Capital Outlay	997,000	999,159	(2,159)
<i>Total Expenditures</i>	1,017,000	1,011,878	5,122
<i>Excess Revenues (Expenditures)</i>	(997,000)	(1,009,300)	(12,300)
<i>Other Financing Sources (Uses)</i>			
Operating Transfer In	573,000	573,000	-
Operating Transfer (Out)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	573,000	573,000	-
<i>Excess Revenue & Other Sources Over (Under) Expenditures & Other Uses</i>	<u>\$ (424,000)</u>	(436,300)	<u>\$ (12,300)</u>
Fund Balance - Beginning of Year		437,243	
Fund Balance - End of Year		<u>\$ 943</u>	

See Accompanying Notes to Financial Statements

Elk Rapids Township
Birch Lake Sewer Debt Service Fund
Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended March 31, 2004

Schedule 11

	<i>Budget</i>	<i>Actual</i>	<i>Favorable (Unfavorable)</i>
<i>Revenues</i>			
Current Assessments	\$ -	\$ -	\$ -
Delinquent Assessments	-	-	-
Interest on Assessments	-	-	-
Penalty on Assessments	-	-	-
Shortfall Fee	-	-	-
Earned Interest	-	-	-
<i>Total Revenues</i>	-	-	-
<i>Expenditures</i>			
Debt Payments:			
Principal	-	-	-
Interest	-	-	-
Fees	-	-	-
Supplies & Postage	-	-	-
Legal	-	-	-
Administration	-	-	-
Miscellaneous Expense	-	-	-
<i>Total Expenditures</i>	-	-	-
<i>Excess Revenues (Expenditures)</i>	-	-	-
<i>Other Financing Sources (Uses)</i>			
Operating Transfer In	-	-	-
Operating Transfer (Out)	(7,432)	(7,431)	1
<i>Total Other Financing Sources (Uses)</i>	(7,432)	(7,431)	1
<i>Excess Revenue & Other Sources Over (Under) Expenditures & Other Uses</i>	<u>\$ (7,432)</u>	(7,431)	<u>\$ 1</u>
Fund Balance - Beginning of Year		7,431	
Fund Balance - End of Year		<u>\$ -</u>	

See Accompanying Notes to Financial Statements

Elk Rapids Township
Fiduciary Fund
Statement of Assets and Liabilities
For the Year Ended March 31, 2004

Schedule 12

	<u>Tax Collection Fund</u>
Assets	
Cash in Bank	\$ 1,230
Total Assets	<u>\$ 1,230</u>
 Liabilities	
Due to County	\$ -
Due to Township	525
Due to Village	-
Due to Others	705
Unallocated	<u>-</u>
Total Liabilities	<u>\$ 1,230</u>

See Accompanying Notes to Financial Statements